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EXCESS STOCKS, POOR FINANCIAL DISCIPLINE IN RUMANIAN MACHINERY PLANTS

EXCESS STOCKS FREQUENT -- Bucharest, Scanteia, 8 Apr 52

Prevention of overstocking of materials is one of the most important problems in Rumanian enterprises at present. Overstocking of materials causes large sums of money allocated to enterprises to be frozen in the form of supplies which cannot be used. This forces enterprises to borrow money to cover regular expenses. In addition, large quantities of essential materials are kept from the market, thus endangering the national economy.

As early as 1950, a decision of the Council of Ministers directed the General Directorate of Supplies (Directia Generala de Aprovizionare) to take over (and pay for) excess stocks found in any enterprise of the nation, when these stocks were not needed in the actual production of the enterprise. This same decision provided that any enterprise maintaining excess stocks in the future would be held accountable. Despite this decision, however, many industries under the Ministry of Metallurgical Industry have persisted in overstocking materials, mainly because of the cavalier attitude of enterprise chiefs and administrators.

One of the chief causes of overstocking is the tendency of enterprises to request materials not needed for their specific requirements. For example, enterprises under the General Directorate of Tools and Equipment (Directia Generala de Utilaj) ordered 95 percent more conveyor belts than actually needed in production. Similarly, the 23 August factory requested such a large quantity of nickel for the first quarter 1952 that only 15 percent had been used by the middle of that quarter. The Grivota metal plant kept large quantities of fuel in the second quarter 1952 without using it. The Republica and Industria Sarmel plants in Campia-Turzii also retained large quantities of materials which they did not need.

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Some enterprises acknowledge the fact that they maintained excess stocks to "insure against future contingencies." They do not seem to realize that they are harming the national economy by this practice. A good example of the damaging effects of overstocking can be found at the IMS Roman enterprises, which held an unneeded surplus of 90,000 screws, while Infratirea in Oradea, Independenta in Sibiu, Meiron, and others were in short supply.

To prevent the continued existence of unneeded surplus stocks in various industries, the General Directorate of Industrial Supplies (Directia Generale de Aprovizionare Tehnico-Materiala) and the Ministry of Metallurgical Industry took steps to redistribute excess stocks. At the end of every month general directorates under this ministry obtain lists of materials needed by enterprises under their jurisdiction to complete the next month's plan. On the basis of these lists, each directorate allocates materials from its own stocks to each enterprise. Shortly thereafter, the General Directorate of Industrial Supplies requires each general directorate of the ministry to submit lists of materials needed for the individual directorate. This permits a more rapid distribution of materials to all enterprises of the ministry.

POOR FINANCIAL DISCIPLINE -- Bucharest, Scanteia, 21 Apr 53

During the first quarter 1953, the collective of the Matyas Rakosi works completed its production plan 104.4 percent and its over-all plan 106 percent. However, the administration of the enterprise did not provide an adequate and steady supply of raw materials and equipment to the various sections of the plant. This resulted in rush work at the end of the plan period. An excess of unfinished goods was always on hand. Consequently, the enterprise could not fulfill its financial plan and could not pay back to the state the equivalent of credit granted for production. The entire question of financial discipline was grossly neglected at the Matyas Rakosi works.

Every factory administration must make wise use of the funds placed at its disposal by the state. Financial discipline means a rational utilization of basic equipment and materials, and a profitable use of funds. Closely related to the problem of financial discipline is that of contract discipline. Many of the contracts signed in 1952 by the Matyas Rakosi works were vague and ambiguous, particularly in regard to time schedules. Many times the dates of delivery were not specific. When specific dates were set, moreover, they were not observed. Thus, production delays and gaps occurred because goods which the Matyas Rakosi works was to receive from the Vulcan plant were not delivered when needed, since the contract was vague in this regard.

One aspect of the financial plan which is going well at the enterprise, however, is the conservation of raw materials. More than 300,000 lei were saved in the first quarter 1953 through the conservation of raw materials. As a result of 16 suggestions submitted to the management, 46,982 lei were saved in this same period. More than 30 other suggestions have been approved and will be adopted.

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